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Procedures

Revisions in Yugoslav Import and Fxport

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SUPPLEMENT TO REPORT NO.

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- It has been the practice in Yugoslavia for some time to entrust the General Directorate (Glavne uprava) of each republic with the issuance of permits for foreign trade. In the early part of August 1951, however, the exclusive right to grant permits was returned to the Ministry of Foreign Trade in Belgrade. This revision was effected in order to export directly to countries to which Yugoslavia is under obligation.
- 2. By wirtue of the new method of export control, the Ministry of Foreign Trade in Belgrade deposits 20 per cent of the profit gained in the National Bank of Belgrade to the credit of the republic which exported the merchandise, irrespective of the type of merchandise exported. On products exported by cooperatives, only 10 per cent of the profits will be placed at the disposal of the respective republic. The fact that cooperatives now emport commodities is in itself an innovation.
- 3. A more liberal import system has been introduced in Yugoslavia. The General Directorates grant permits to import according to the needs of each republic which, naturally, are limited by the availability of funds.
- The Yugoslav import and export program now is being based largely on a plan to do more business with Mestern Germany. The rule of thumb is to buy little or nothing in Italy and to import as little as possible from that country. This is done primarily for political reasons because of embitterment over the Trieste question. For the same reason and on the basis of the restriction imposed by the Ministry of Foreign Trade in Belgrade, the special clearing agreement between Gorizia and the Slovene Republic was renounced. There was sharp discord for several days over this question between the government of the Slovene Republic and the Ministry of Foreign Trade in Belgrade.
- 5. Yugoslavia has an inactive clearing account with Italy and does not intend to reactivate it. It has not been doing business with Western Germany either to any appreciable degree. In an effort to establish normal trade relations, however. Western Germany recently gave Yugoslavia a loan.

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6. Because all foreign trade is centralized in Belgrade, great discontent exists in Slovenia and Croatia. Top Party officials in Slovenia and the Ministry of Foreign Trade in that republic severely criticize the work of the Yugoslav Government. The republics apparently conceal various financial and business transactions from Belgrade. It is clear that each republic seeks economic independence, and each also aspires to political independence. In this sense, the internal situation in Yugoslavia is more critical than it was before the war.

Yugoslav commercial affairs are insvitably intermingled with politics.
There is no true desire on the part of the regime to export merchandise
to foreign countries, but rather a predominant anxiety to better the
precarious financial situation. All exports currently are slated to go
to countries to which Yugoslavia is indebted, or to countries which are
making loans or will make them. The Republic of Croatia, for example,
has to export all its wood to Great Britain although other markets offer
better prices. The same practice is applied to other merchandise for export.

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